



FACT SHEET

U.S.-Colombia Trade Promotion Agreement **New Mexico Farmers Will Benefit**

September 2008

The U.S.-Colombia Trade Promotion Agreement (CTPA) provides increased access for New Mexico's agricultural exports by making agricultural trade a two-way street and leveling the playing field with respect to third country competitors in the Colombian market. Already our largest market in South America, Colombia now holds even greater potential because it has agreed to immediately eliminate duties on 53 percent of current U.S. trade upon implementation of the agreement. The American Farm Bureau and over 40 other agricultural industry and farm groups strongly support the agreement by stating "the agreement will provide U.S. products exported to Colombia with the same duty-free access already granted to Colombian products exported to the U.S."

Exports of farm products boost New Mexico's farm prices and income. Such exports support about 2,900 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$248 million and made an important contribution to New Mexico's farm cash receipts in 2006 that totaled \$2.5 billion.

Dairy. U.S. dairy exports to Colombia surpassed \$6.6 million in 2007, and changes with the CTPA will provide immediate opportunities for U.S. dairy producers. As the state's top source of farm cash receipts with \$912 million, New Mexico dairy producers will benefit from the CTPA.

- U.S. dairy producers currently face a system of variable levies (price band system) that results in tariffs as high as the World Trade Organization (WTO) ceiling of 159 percent. Colombia will immediately eliminate the price band system on U.S. imports.
- Colombia will immediately eliminate tariffs on whey.
- Both Colombia and the United States will establish duty-free tariff rate quotas (TRQs) for certain dairy products totaling 9,900 tons, with these TRQs growing by 10 percent, compounded annually.
- All Colombian duties on dairy products will be eliminated within 15 years, with duties on some eliminated earlier.
- *The National Milk Producers Federation, U.S. Dairy Export Council, Grocery Manufacturers Association/Food Products Association, and International Dairy Foods Association publicly support the CTPA.*

Beef. In 2007, the United States exported \$386,000 of beef and beef products to Colombia. New Mexico's ranchers and beef industry provide the state's second largest source of cash receipts.

- Colombia will immediately eliminate its 80-percent duty (108 percent allowed by the WTO) on beef products of most importance to the U.S. beef industry—prime and choice cuts.
- U.S. exporters of standard quality beef cuts will enjoy immediate duty-free access through a 2,100-ton TRQ. The TRQ will grow by 5 percent, compounded annually. Colombia will phase out the 80-percent out-of-quota tariff over 10 years after a 37.5-percent cut at the beginning of the first year of implementation.
- U.S. exporters of variety meats (offals) will immediately receive duty-free access under a 4,642-ton TRQ that will grow 5.5 percent, compounded annually. The 80-percent over-quota tariff will be phased out over 10 years.
- Colombia agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.
- Colombian exporters of beef to the United States will receive duty-free access under a 5,250-ton TRQ that will grow 5 percent, compounded annually. The United States will phase out its beef tariffs over 10 years. For those beef lines that are already duty free under the Andean Trade Promotion and Drug Eradication Act, the CTPA will continue the duty-free treatment.
- *The American Meat Institute; National Cattlemen's Beef Association; U.S. Hide, Skin and Leather Association; U.S. Livestock Genetics Export, Inc.; and Pet Food Institute publicly support the CTPA.*

Pecans. Pecans are New Mexico's fourth largest agricultural export and fourth largest source of farm cash receipts.

- Colombia will immediately eliminate the 15-percent duty (70 percent allowed by the WTO) currently applied to pecans.

Wheat and Barley. In 2007, the United States exported \$210 million of wheat and barley to Colombia.

Wheat is among New Mexico's top three agricultural exports.

- U.S. wheat and barely producers currently face a system of variable levies (price band system) that results in tariffs as high as the WTO ceiling of 248 percent. Colombia will immediately eliminate the price band system on imports from the United States.
- Colombia will immediately eliminate all tariffs on wheat and wheat products, which currently face duties ranging from 5–20 percent.
- Colombia will immediately eliminate all tariffs on barley and barley products, except feed barley. Tariffs on feed barley will be eliminated in 2009.
- *The National Association of Wheat Growers, the National Grain and Feed Association, the North American Export Grain Association, the North American Millers' Association, the National Barley Growers Association, U.S. Wheat Associates, and the American Bakers Association publicly support the CTPA.*